TASC

Technical Assistance and Services Center

Flex Program Hour Highlights

Date: *January 3, 2001*
Topic: *Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000*
Moderator: *Terry Hill, TASC*
Guest: *Keith Mueller, RUPRI*

Keith Mueller summarized key CAH/rural hospital provisions in the *Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000* (which he noted is being widely referred to as "BIPA"). He indicated that while RUPRI had already published an analysis of the proposed legislation in November, an updated policy brief of the passed legislation will be available on the their web site the week of January 8 (www.rupri.org).

Critical Access Hospital Provisions

- The much-awaited lab fix is retroactive back to BBRA (November 1999). Section 201 clarifies that no co-insurance on lab is to be collected and that CAHs are to be reimbursed on the basis of reasonable cost.
- CAHs have the option to be reimbursed separately for the facility fee and the professional fee. Section 202 provides for the CAH facility fee to be reimbursed based on reasonable cost and the professional services to be reimbursed at 115% of Medicare's fee schedule. The effective date changed to July 1, 2001 (April 1, 2001 was listed in the proposed legislation).
- Section 203 exempts swing beds from SNF PPS effective for cost reporting periods beginning on or after the date of enactment.
- A physician on-call for a CAH emergency room will be compensated at cost, according to Section 204. However, the physician must not be furnishing services or be on-call at any other facility at that time. This provision becomes effective for cost reporting periods beginning on or after October 1, 2001.
- The Section 205 provision allows for ambulance services provided by a CAH, or provided by an entity owned and operated by a CAH, to be reimbursed on a reasonable cost basis. The CAH or entity must be the only provider of ambulance services within a 35-mile drive of the CAH. This provision is effective immediately.
- The House and Senate had opposing views on the issue of whether it's feasible for CAHs to house Distinct Part Units. Therefore, Section 206 calls for the GAO to do a study on the DPU issue as well as the effect of seasonal variations on CAHs with respect to limitations on ALOS and number of beds. The report and recommendations are due in December 2001.

Other Rural Provisions

- Section 211 provides for hospitals to receive DSH payments when the percentage of low-income patients (Medicaid plus Medicare receiving supplementary income) exceeds 15%. This is effective for discharges occurring on or after April 1, 2001.

- Section 508 provides for a temporary increase for home health services furnished in rural areas during a two-year period beginning April 1, 2001. Medicare payments are increased by 10%.
- Section 223 provides for an expansion of Medicare payment for telehealth services. Keith indicated this topic would be carefully explained in RUPRI's policy brief next week because it's complex and significant because all rural hospitals are affected. The provision would establish revised payment provisions, effective no later than October 1, 2001, for services that are provided via a telecommunications system by a physician or practitioner to an eligible beneficiary in a rural area.

The group discussed what questions or issues still remain with this legislation where HCFA might be able to make clarifications. TASC will attend a conference call with HCFA on January 19 and present a list of items to include:

- In many of the Sections, "reasonable cost" was substituted for "cost-based reimbursement." How is "reasonable cost" defined?
- How will "on-call" be defined in Section 204?
- How can HCFA assist with the repayment of co-insurance charged by many hospitals due to incorrect language in the BBRA? The recommendation of this group was to have HCFA mandate FIs as responsible for reprocessing all claims with lab co-insurance charges since BBRA.
- Outpatient co-insurance calculations and "bonus payments" to CAHs.
- Section 205 states that ambulance services are cost-based for entities that are "owned AND operated" by a CAH. Is this simply a typographical error and are CAHs that operate a service, but do not own it, exempt from this provision?
- Although not addressed in this new legislation, the issue of CRNA use for anesthesia in a CAH will be noted. According to ORHP, HCFA does have authority on this issue.

The next Flex Program Hour is scheduled for Wednesday, February 14 at 3:00 p.m. EST. We will send a reminder notice to each State Flex Program in early February.